

To the Members of the California State Assembly:

I am returning Assembly Bill 1958 without my signature.

This bill would authorize the Board of Administration of the Public Employees' Retirement System (Board) to form a pharmaceutical purchasing consortium (Consortium) with individuals and private and public entities to obtain lower drug costs.

While I support the author's goal of seeking relief from high drug prices for taxpayers and consumers, current law already authorizes the Department of General Services to purchase pharmaceuticals on behalf of a number of State agencies and it allows other state, county, city, and municipal government entities to participate. Current law also authorizes the Board to enter into joint purchasing arrangements, including prescription drug purchasing arrangements with public or private entities under certain conditions.

Furthermore, this legislation undermines efforts to develop and implement a California State Pharmacy Assistance Program (California RX) which is a proposed program to address the high cost of drugs for the uninsured. The California RX program would harness the purchasing power of low-income seniors and uninsured Californians to secure prescription drug discounts from pharmaceutical manufacturers through the Department of Health Services (DHS). The DHS has a proven track record for obtaining discounts and supplemental rebates for pharmaceuticals while the proposed Consortium would have competing interests and goals when purchasing and negotiating drugs for governmental entities and individual enrollees.

For these reasons I am returning AB 1958 without my signature.

Sincerely,

Arnold Schwarzenegger